

5/20/78

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Brzezinski to Pres. Carter, w/attachments 9 pp., re: Arms Transfer <div style="text-align: center; font-size: 1.2em;">OPENED 8/13/93</div>	5/19/78	A
Memo	Fran Voorde to the President on meeting w/ Second Grade class, Abraham Lincoln School Bangor, ME RE: SSANs	5/20/789	C

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential
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2675

THE WHITE HOUSE
WASHINGTON

May 20, 1978

Zbig Brzezinski

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling. Please forward copies
to Secretaries Vance and Brown.

Rick Hutcheson

cc: The Vice President
Hamilton Jordan

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
<input checked="" type="checkbox"/>	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
<input checked="" type="checkbox"/>	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

~~CONFIDENTIAL~~

2674

THE WHITE HOUSE
WASHINGTON*See note*
~~CONFIDENTIAL - GDS~~

May 19, 1978

ACTION

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI

SUBJECT: Decisions on Conventional Arms Transfer Cases

In the State memorandum at Tab A, you are asked to approve seven arms transfer requests totaling \$297.2 million of which \$211.0 is for new systems. All of the new systems are part of the FY 1978 sales plan you approved in January. The total amount would count toward the FY 1978 ceiling.

Prior to these seven requests, you have approved approximately \$3.7 billion worth of ceiling-related cases for FY 1978. As of May 1, approximately \$2.1 billion had been signed toward the FY 1978 ceiling of \$8.6 billion.

I concur in the State recommendation that you approve all seven cases. They represent supplementary equipment or sub-systems for systems we have already sold or new systems in the highest priority groups of the FY 1978 plan.

RECOMMENDATION

That you approve all seven cases at Tab A.

OMB concurs.

~~CONFIDENTIAL - GDS~~
7/21/93
~~CONFIDENTIAL~~

~~CONFIDENTIAL~~*To Cy, Harold, Zig**Do not fail to meet my
Commitment to cut back at**least 8% on arms**Sales. I don't want**a last minute or ex post**facto embarrassment. Check projected total
Sales carefully. J.C.*

DEPARTMENT OF STATE

WASHINGTON

May 5, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: Warren Christopher, Acting *WC*SUBJECT: Request for Decisions on Con-
ventional Arms Transfer CasesI. ISSUE

Since our March 13 memorandum to you identifying proposed conventional arms transfer cases, seven additional Foreign Military Sales (FMS) cases have reached the point of decision prior to Congressional notifications. All of these cases fall within the current policy guidelines and I recommend that they be approved for certification to Congress. The Department of Defense and the Arms Control and Disarmament Agency concur in this recommendation. The attachment describes these seven cases, including means of payment, and provides a space for you to indicate your decision on each case.

II. BACKGROUND

The attachment divides the new FMS cases into the following categories as we have done in the past:

- I. Supplementary systems
- II. Major new systems

The total value of these seven cases is \$297.2 million, all of which would be applicable to the FY 1978 worldwide arms transfer ceiling provided the actual sales agreements are consummated during this fiscal year.

DECLASSIFIED

E.O. 12356, Sec. 3.4

~~CONFIDENTIAL~~

PER 4/8/93 *ack* *MR NLC-92-27*
BY *JZ* NARS, DATE 7/24/93

GDS

~~CONFIDENTIAL~~

- 2 -

None of these cases would result in an excessive economic burden on the recipient governments, serve to counter our efforts to promote human rights or prompt an arms race.

Three of the cases identified under Category I and valued at \$86.2 million involve the supply of additional and reasonable quantities of weapons already in the inventories of the Republic of China, Spain and Kuwait. These sales would be consistent with our longstanding policy of providing ammunition for weapons previously provided and of selling additional weapons or systems needed by countries to complete reasonable modernization programs.

The other four cases identified under Category II and valued at \$211.0 million involve new systems for Saudi Arabia, Tunisia, Korea and Sweden, countries to which provision of military equipment to meet legitimate defense requirements serves our interests. Given the importance of Saudi Arabia and Tunisia in the Middle East, an improvement in each country's defensive capabilities enhances the prospects for stability in that area. The planned withdrawal of our ground forces from Korea requires that the ROK develop an adequate air defense system to deter North Korean aggression. It is in our interest to provide Sweden with modern weapons to enhance that country's contribution to the defense of Western Europe.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

CATEGORY I

CASES INVOLVING SYSTEMS TO SUPPLEMENT
THOSE PRESENTLY EXISTING IN-COUNTRY

<u>TYPE CASE</u>	<u>COUNTRY</u>	<u>VALUE (\$M)</u>	<u>DESCRIPTION</u>
FMS	Republic of China	25.0 (Cash)	150 MK-46 Anti-submarine Torpedoes and Support

In 1973 the Republic of China purchased 50 MK-46 torpedoes which are deployed aboard destroyers and anti-submarine aircraft. The MK-46 torpedo is one of the ROC's primary ASW weapons which could be used in defense against approximately 100 PRC submarines. These additional 150 MK-46 torpedoes would be used to replace those expended in training and to build up a reasonable reserve stock.

Recommendation:

Authorize. Yes ✓ No ✓

<u>TYPE CASE</u>	<u>COUNTRY</u>	<u>VALUE (\$M)</u>	<u>DESCRIPTION</u>
FMS	Spain	10.0 (FMS Financing)	18 155mm Howitzers

In 1975 the Spanish Government purchased 36 155mm self-propelled howitzers. This proposed purchase of an additional 18 such howitzers would be consistent with our Treaty of Friendship and Cooperation which calls for US help in modernizing the Spanish military forces.

Recommendation:

Authorize. Yes ✓ No ✓

DECLASSIFIED

E.O. 12356, Sec. 3.4

PER 41613 CLK RE MR-116-92-27
BY Jay NARS, DATE 7/2/143

~~CONFIDENTIAL~~

- 2 -

<u>TYPE CASE</u>	<u>COUNTRY</u>	<u>VALUE (\$M)</u>	<u>DESCRIPTION</u>
FMS	Kuwait	51.2 (Cash)	37 155mm Self-propelled Howitzers, 37 Full Track Carriers, and 12 Tracked Command Post Vehicles

Kuwait's request for these howitzers was approved in principle in 1976. The proposed sale of 155mm self-propelled howitzers and tracked vehicles would enable the Government of Kuwait to complete the planned modernization of a three-battalion artillery force. The sale would not introduce a new capability into the region, but would improve somewhat Kuwait's capability to defend against an Iraqi attack. Iraq has territorial claims against Kuwait and there have been periodic Iraqi border incursions.

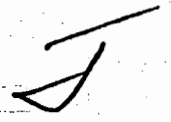
Recommendation:

Authorize.

Yes



No



~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

DECLASSIFIED

E.O. 12356, Sec. 3.4

PER 4/8/93 GLE HRE MR ALK 93-27
BY NARS. DATE 7/21/93

CATEGORY II

CASES INVOLVING MAJOR NEW SYSTEMS

<u>TYPE CASE</u>	<u>COUNTRY</u>	<u>VALUE (\$M)</u>	<u>DESCRIPTION</u>
FMS	Saudi Arabia	50.0 (Cash)	78 HARPOON Missiles and Support

In 1974 and in 1976 the US Government approved the construction of 9 Patrol Gunboats (PGGs) and 4 Patrol Chasers (PCGs) for the Saudi Arabian navy. These vessels are now under construction in US commercial shipyards for delivery in 1980-1982 and will be equipped to accommodate the surface-to-surface HARPOON anti-ship missile. This proposed purchase of 78 HARPOON missiles will provide missiles for use in training both in the United States and in Saudi Arabia and for shore stocks. This case would be forwarded to the Congress after resolution of the Middle East aircraft package.

Recommendation:

Authorize. Yes No

<u>TYPE CASE</u>	<u>COUNTRY</u>	<u>VALUE (\$M)</u>	<u>DESCRIPTION</u>
FMS	Tunisia	22.0 (FMS Financing)	60 APCs, 6 Command Post Vehicles 1,320 TOW Missiles

In the interest of meeting a legitimate requirement to update its anti-armor capability, Tunisia has requested the purchase of 60 armored personnel carriers, (equipped with launchers to fire the tube-launched, optically-tracked, wireguided (TOW) missile), six command post vehicles and 1,320 TOW missiles (including 120 practice missiles). The acquisition of these military items will serve to enhance the defensive deterrent of the Tunisian Army vis-a-vis neighboring Algeria and Libya, countries possessing relatively large armored inventories. Moreover, this sale would be in consonance with the longstanding cooperative relationship we have enjoyed with Tunisia since that country's independence.

Recommendation:

Authorize. Yes No

~~CONFIDENTIAL~~

- 2 -

<u>TYPE CASE</u>	<u>COUNTRY</u>	<u>VALUE (\$M)</u>	<u>DESCRIPTION</u>
FMS	Korea	50.0 (Cash)	7 NATO SEASPARROW Missile Systems and 112 SPARROW Missiles

The Republic of Korea Navy has a requirement for an adequate air defense missile system to protect its major surface combatant vessels. In the event of renewed large-scale hostilities, Republic of Korea tactical aircraft would be largely dedicated to the support of the ground forces, thereby creating the requirement for an independent air defense system for the Korean fleet. This proposed purchase would permit the installation of NATO SEASPARROW aboard seven of the Republic of Korea's existing destroyers and later reinstallation aboard seven frigates planned for construction in the Republic of Korea prior to 1986.

Recommendation:

Authorize. Yes ☒ No ☐ 

<u>TYPE CASE</u>	<u>COUNTRY</u>	<u>VALUE (\$M)</u>	<u>DESCRIPTION</u>
FMS	Sweden	89.0 (Cash)	100 HARPOON Missiles, 12 shipboard Canister Launch Systems and Support

The Royal Swedish Navy plans to convert its SPICA class patrol boats to accommodate the surface-to-surface HARPOON anti-ship missile. This missile has been provided to European NATO member countries. Its acquisition by Sweden would enhance the capability of the Swedish Navy, thereby serving to help offset Soviet navy superiority in the Baltic Sea.

Recommendation:

Authorize. Yes ☒ No ☐ 

~~CONFIDENTIAL~~

THE PRESIDENT'S SCHEDULE

Saturday - May 20, 1978

9:00 Mr. David Aaron - The Oval Office and the
Situation Room.

11:00 Greet Second Graders from the Abraham Lincoln
(15 min.) School, Bangor, Maine. (Ms. Fran Voorde).
The Rose Garden.

6:30 Congressional Promenade - The South Grounds.

THE PRESIDENT'S SCHEDULE

Sunday - May 21, 1978

8:00

Depart South Grounds via Helicopter en route
Andrews AFB and Plains, Georgia.

THE WHITE HOUSE

WASHINGTON

May 20, 1978

MEMORANDUM FOR THE PRESIDENT

FROM TIM KRAFT
JIM GAMMILL *Jim G*

SUBJECT Tennessee Valley Authority

We have almost completed the initial round of interviews and evaluations of candidates. At least four more candidates will be interviewed early next week. During the past two weeks, we have interviewed twelve candidates, met separately with representatives of the Tennessee Valley Public Power Association and of Tennessee Valley environmental groups, and have discussed the nomination with many members of the Administration.

Within two weeks we hope to have several candidates for the nine year term ready for your final review. On the following pages are brief outlines of some potential candidates and a listing of candidates recommended by members of Congress.

We expect to ask you to interview four or five candidates. We have not finished our search for more candidates; we are making an extra effort to identify more Black candidates. We will also recommend that the nomination for the term expiring in 1981 be made apart from, and after, the nomination for the term expiring in 1987.

The eventual candidate for the long term should have strength in four areas. First, he or she should have experience in business and management at a level comparable to what will be required as a Director of TVA. Second, he or she should be well versed in the economics of utility rate regulation and rate structure. Third, he or she should understand this Administration's energy objectives and be knowledgeable of all sources of energy. And fourth, he or she should be compatible with and acceptable to David Freeman.

The first two qualities are necessary if the nominee is to have the confidence of the more traditional elements in the region; the latter two are necessary for us to get support for the nominee from environmental groups. We believe that it is possible to nominate a candidate who will enjoy wide support among the public and in the Senate.

Profiles of several candidates under consideration

NORMAN M. CLAPP (Virginia, age 63): Vice President of the Development and Resource Corporation (headed by former TVA Chairman David Lilienthal). Administrator, Rural Electrification Administration 1961-1969. Secretary Wisconsin Department of Transportation, 1971-1975. Chairman, Wisconsin Public Service Commission, 1975-1977. Recommended by the Tennessee Valley Public Power Association.

RICHARD M. FREEMAN (Illinois, age 57): Vice President of the Chicago and North Western Transportation Company since 1967. Helped formulate the employee purchase of the Company in 1972; it is now the largest employee-owned company in the world. Worked as an attorney for TVA from 1948 to 1957.

JOHN H. GIBBONS (Tennessee, age 48): Director, University of Tennessee Environment Center. Served as Director of the Office of Energy Conservation of FEA under John Sawhill. Worked at Oak Ridge National Laboratory from 1954 to 1973. Recommended by Tennessee Valley environmental organizations.

PATRICIA A. GISH (Kentucky, age 50): Director of the Eastern Kentucky Housing Development Corporation since 1968. Assists with the production of The Mountain Eagle, edited and published by her husband. The Eagle has received national recognition for its reporting on Appalachian problems. Recommended by Tennessee Valley environmental organizations.

HERBERT S. SANGER, JR. (West Virginia, age 41): An attorney with TVA since graduation from law school in 1961. Has served as General Counsel since 1975. Recommended by the Tennessee Valley Public Power Association.

ALBERT P. SMITH, JR. (Kentucky, age 51): Editor and publisher of the Russellville, Kentucky News-Democrat; owns four other weekly newspapers in Kentucky. Since 1974, has produced and moderated a weekly program for Kentucky Educational Television. Recommended by the Tennessee Valley Public Power Association.

Candidates recommended by members of Congress

<u>Sponsor</u>	<u>Candidate</u>	<u>State</u>
Senator Dee Huddleston Senator Wendell Ford	Al Smith	Kentucky
Senator John Stennis	Norman Clapp	Virginia
Senator Howard Baker	Richard Herod	D.C.
Senator Jennings Randolph	Herbert Sanger	West Virginia
Senator Dale Bumpers Senator Muriel Humphrey Senator Dick Clark	Clyde Ellis	D.C.
Senator Robert Morgan Governor Jim Hunt	Cecil Hill	North Carolina
Congresswoman Marilyn Lloyd	Lynn Russell	Mississippi
Congressman Harold Ford	Frank Banks	Tennessee
Congressman Clifford Allen Jay Solomon	Agnes Bird	Tennessee
Congressman Ron Flipppo Congressman Tom Bevill Congressman Lud Ashley	William Rasco	D.C.
Congressman Carl Perkins	Patricia Gish	Kentucky
Governor Cliff Finch	Gale Denley	Mississippi

THE WHITE HOUSE
WASHINGTON

May 20, 1978

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

RECOMMENDED TELEPHONE CALL

*Frank - all ok,
except that Reuss
says they've agreed
to vote on 3 items,
then he will
support all 4*

J

TO:

Congressman Henry S. Reuss
(D-Wis.)

DATE:

May 19, 1978

RECOMMENDED BY:

Frank Moore *F.M.*

PURPOSE:

To nail down Congressman Reuss
as a firm 13th vote for a majority
of House conferees in support of the
natural gas compromise.

BACKGROUND:

Congressman Reuss has previously in-
dicated that if the Tax Bill is
separated from consideration by the
full conference from the first four
parts of the Energy Bill, he could be
counted upon to support the natural
gas compromise in the conference.

*Eckhardt
says*

Congressman Ulman and the Speaker have
both indicated a willingness to
consider the Tax Bill on a separate
track when natural gas is completed.
With the settlement of the final
outstanding substantive issue in the
gas compromise last evening between
Congressmen Eckhardt, Wilson, and
Waggoner, it is now important to
confirm and cement Congressman Reuss'
support as the 13th majority vote for
the compromise before the voting begins
next Tuesday.

TOPICS OF DISCUSSION:

1. I wanted to let you know that
the final details of the gas compromise
have now been worked out.
2. This also means that with your vote
we now have a firm majority of House
conferees in favor of a compromise.
3. Chairman Staggers advises me
that the full conference will meet and
vote starting next Tuesday.

4. Based on our previous discussions, and the Speaker and Chairman Ulman's assurances about separating the Tax Bill from the rest of the energy package, I want to underscore the importance of your position on the conference and confirm your support for this reasonable compromise.

5. This compromise provides protection for the nation's consumers in a new and certain regulatory climate for producers that should also increase natural gas production while substantially increasing the amount of natural gas flowing into the interstate market.

DATE OF SUBMISSION:

May 19, 1978

ACTION:

THE WHITE HOUSE
WASHINGTON

*Done
J*

RECOMMENDED TELEPHONE CALL

TO: CHAIRMAN HARLEY O. STAGGERS

DATE: May 19, 1978

RECOMMENDED BY: Frank Moore *J.M./p*

PURPOSE: To thank him for his help on the Natural Gas Conference and to let him know of the President's personal interest in hospital cost containment.

TOPICS OF DISCUSSION:

1. Appreciate your help on the Natural Gas Conference problem. Let us know if we need to do anything to hold the coalition together over the weekend.
2. We are working on hospital cost containment next in your Commerce Committee.

I want you to know of my personal interest in this.

DATE OF SUBMISSION: May 19, 1978

ACTION: _____

THE WHITE HOUSE
WASHINGTON

May 19, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

FRANK MOORE

F.M. Moore

SUBJECT:

Recommended Telephone Calls.

We are requesting that you make four telephone calls.

The most important one is to Congressman Henry S. Reuss;
see attached sheet.

The second is to Chairman Staggers; see attached sheet. *done*

The last two are to Eckhardt and Dingel to thank them
for being reasonable and looking at the greater need.
These can be very quick thank yous. *done done*

Joe Waggoner is very, very happy. He thinks he has
helped the President, the country, and to some degree
Louisiana.

THE WHITE HOUSE
WASHINGTON

May 20, 1978

Secretary Califano

The attached was returned in
the President's outbox. It is
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handling.

Rick Hutcheson

cc: Phil Wise
Fran Voorde
Stu Eizenstat

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
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ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
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	EYES ONLY

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	SCHULTZE

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	KREPS
	MARSHALL
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	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

THIS SPEECH REFLECTS THE VIEWS
OF THE AUTHOR AND DOES NOT
NECESSARILY REFLECT THE VIEWS
OF THE SECRETARY OF THE NAVY
OR THE DEPARTMENT OF THE NAVY

FOR RELEASE 3:00 PM (PST)
MONDAY, APRIL 3, 1978.

REMARKS OF
ADMIRAL H. G. RICKOVER, U. S. NAVY
BEFORE THE
NATIONAL SCHOOL BOARDS ASSOCIATION CONVENTION
IN
ANAHEIM, CALIFORNIA
APRIL 3, 1978

cc Califano
Joe, make an appoint-
ment to discuss these
points with me, after you
assess what we
might do
together.
Search for the solutions,
not the obstacles -
J.C.

WHY SCHOOL BOARDS?

Frequently I am called upon by Congressional committees to testify about defense contracts. I point out to these committees problems I see and what I believe should be done to correct them.

Lobbyists for the defense industry usually do not like what I say. They respond with canned speeches about the free enterprise system and patriotism written by their public relations flacks. Regardless of the issue, the theme is the same: "Trust us. We know what is best." The lobbyists then suggest that I stick to engineering and leave defense contracting to others.

Many educators react the same way when I talk about education. They say that when it comes to education, I am a competent engineer. More than a few have told me: "If you don't tell us how to run our schools, we won't tell you how to design your reactors." In other words, "Trust us. We know what is best."

Many educators display the same attitude toward parents and school boards—that of an angry householder whose "castle" is being invaded by the village gossip.

Too often, parents and school boards are intimidated by some outspoken educators and defer to them as the experts. But what goes on in the schools is not the private domain of the educators; it is the people's public business. As school board members, you represent the people. It is your responsibility to see that our children get a proper education. It is your solemn duty, individually and collectively, to correct whatever ills exist in our educational system. Judging from results, not all of you have been doing a good job.

As head of the Navy's Nuclear Propulsion Program, I have had the unique opportunity to judge the products of our schools. I have interviewed, over the last three decades, more than 12,000 top graduates from some 150 colleges and universities in search of young officers to meet the demands of this program. I look for people with the ability to think for themselves; to understand the basic principles of the courses they have taken; and to speak clearly. While I continue to find some who are well-qualified, a growing number do not measure up to their diplomas.

It is not uncommon to interview a recent graduate from a "good" college with a Degree in Mathematics who cannot solve a tenth grade algebra problem. I find graduates with Degrees in Electrical Engineering who do not know the difference between alternating and direct current.

In case after case, not only in engineering, mathematics, and science, but in history, foreign language, economics, and other fields, I find students with excellent academic records, who are unable to discuss even the fundamentals of their disciplines. From what I see, the basic knowledge shown by recent graduates is much less than that shown by those interviewed 15 years ago. Yet each had received good grades and, as a result, believed he had learned what was expected of him.

I also see the products of our secondary schools--the enlisted men in the naval nuclear program. They are selected from the top high school graduates. Yet, in recent years, I have had to teach remedial courses in the basics of mathematics, physics, and chemistry to prepare many of them for nuclear power school.

There are similar problems in the rest of the Navy. We continue having difficulty finding young men who read well enough to perform their jobs. One sailor who could not read instructions tried to repair a diesel engine simply by looking at the illustrations.

He caused \$250,000 damage. Because so many recruits cannot read adequately, the Navy now conducts six-week remedial courses to raise the reading skill of high school graduates to the sixth grade level.

This problem is not unique to the Navy. What concerns me is our nation's future, because a parallel to the Navy's experience exists in nearly every aspect of life.

Employers must now teach basic skills that should have been learned in elementary school. More and more colleges are compelled to conduct remedial courses for high school graduates who are inadequately prepared in reading, writing, and mathematics. A few colleges, like American University in Washington, D. C., have now begun to require all students to pass competency tests in reading, writing, and mathematics before receiving a degree.

Despite rising grades, test scores on college entrance examinations and various achievement tests have been dropping steadily for over a decade. The National Assessment of Educational Progress reports that the writing ability of teenagers has declined. In short, diplomas or even good grades no longer accurately represent actual academic achievement.

Many factors have contributed to this decline. Changes in our society have played a part. Hard work is no longer a driving force. We live in a society governed by conspicuous waste. Only a very

rich nation would squander human energies in the pursuit of meaningless diplomas the way we do.

Parents are also responsible. Many spend little time with their children or do not show enough interest in their children's schoolwork. Many subscribe to the belief, common in our affluent society, that any problem can be solved by spending more money. But the education of youth requires not just money; it also requires personal dedication and investment of time.

Schools cannot fully compensate for lack of parental involvement or for all manner of societal problems. But they do bear a primary responsibility for the decline in student achievement. Instead of helping solve the problem, many educators and educational organizations who purport to speak for the entire educational community have become obstacles to better education. Their opposition to academic standards and competency testing is a case in point.

Most developed countries have definitive and known standards of intellectual accomplishment. ^{ours vary} But in our country, what a child should know at a given stage of his academic career is undefined—or, at best, determined locally. What standards there are vary widely. Consequently, the student is placed at the mercy of local community bias, which tends to be set by a few of the community's most vocal members.

Most achievement tests we have today merely show the relative standing of a student compared to other test-takers. They do not measure what a student should know. It is little consolation to find out you know more than your contemporaries about swimming, if none of you can swim.

In reading, writing, and mathematics, parents should be able to find out how well their children are really doing without having to rely solely on the judgment of teachers or local school officials. Instead, students and parents are often misled by automatic promotion and grade inflation. A glaring example occurred recently in Washington, D. C. when a high school valedictorian failed to meet the entrance requirements of a local college because his knowledge as shown by his entrance examination scores was insufficient.

✓✓ NB Last year, I recommended to the House and Senate Education Committees the establishment of voluntary national competency standards, and tests in reading, writing, and mathematics. These standards would define what children should know and be able to do in reading, writing, and mathematics at the second, fourth, sixth, eighth, tenth, and twelfth grade levels. Tests against these standards would identify deficiencies in time to correct them early in a child's schooling. High school graduation is too late to find out that a child cannot read, write, or calculate.

NR

I proposed that the Federal Government assemble a panel of nationally prominent persons in representative walks of life to develop these standards, and contract with testing firms or universities to devise appropriate tests against these standards. These standards and tests would be voluntary, not mandated by the Federal Government. They would serve as a model for states and localities to use or not, as they saw fit. However, parents would be able to have their children tested against the standards—if necessary, at Government expense. I proposed that the Federal Government rather than private groups do this, because excellence in education is essential to the national interest. I also proposed Federal involvement because the Federal Government is likely to be more objective than any other entity.

Unlike much of the so-called research traditionally sponsored by the Department of Health, Education, and Welfare, these model standards and tests would be a tangible and practical form of Federal assistance. States and localities which have not begun to develop competency tests could save time and money if national standards and tests were available. For example, the Virginia State Superintendent of Public Instruction has recommended using commercially prepared tests for that state's competency program because developing the tests would be too expensive and time consuming.

NEA + 6E
opposed
DS

Many educators, including the National Education Association and the U. S. Office of Education—which seems to be NEA's unofficial ambassador to the Executive Branch—have opposed development of such voluntary national standards and tests. But their arguments make no sense to me.

Some contend that voluntary national standards and tests will eventually lead to federal control of education. It amazes me how they can denounce development of voluntary standards and tests as a threat to state and local control of education, while at the same time demanding and accepting ever-increasing sums from the Federal Government for programs they themselves advocate.

Some contend we do not know enough about testing to develop tests that can measure reading, writing, and mathematical skills fairly. They oppose development of national standards and tests, urging instead more federal funds for research on testing. This is nonsense. Testing companies, universities, and many educators who make their living by studying tests rather than teaching have an insatiable appetite for federally sponsored research. If we wait until they concede they have conducted enough research on testing, we will still be waiting for an answer 2,000 years hence.

Obviously, no test is perfect, and a single test score does not tell us everything about a child's intellectual development. But

this is no reason to delay testing. There will never be a perfect test, just as there will never be a perfect law—except in Heaven. Driver tests are not perfect; nor are speed limits, consumer safeguards, or bathroom scales. Does it then follow that we should not have them?

Minorities Some contend that national competency standards and tests in basic skills would be unfair to minorities and the disadvantaged. But these are the very ones who have most to gain from standards and tests. Many leaders of minority groups have now endorsed the concept of voluntary national scholastic standards and tests as a means to help their children get a fair education. These leaders recognize that to expect less from minority children is a cruel form of discrimination.

Some contend that federal involvement is wrong because competency testing should be based on local needs. But with today's highly transient population, every American child, regardless of cultural or geographic background, has the same need for competency in reading, writing, and mathematics. The concept that schools should educate children to fit into the local environment belongs to an earlier, less complex age, when people were less mobile and the need for literacy not as great as it is today.

Education should be the great equalizer. Through respect for intellectual excellence; vigor and discipline in study; pursuing a curriculum that strengthens intellectual fiber and stretches the power of mind; and by personal commitment and responsibility; an education can be acquired which will enable one to become a free, informed individual equipped to take his place in society.

Some contend that with minimum competency standards and tests, "the minimum will become the maximum." They suggest that teachers and students would set their sights on minimum standards and not try to progress beyond them. I do not believe good teachers would reorient their courses and reduce content in order to prepare all students to meet merely the minimum competency standards. Nor would parents allow them to. Instead, to the extent students are not meeting standards for reading, writing, and mathematics, schools would be required to focus their primary attention on developing these skills.

Not all educators are opposed to competency standards and tests. Many teachers and school officials recognize and support the need for them. Among these teachers, however, there is legitimate concern about the accountability aspects of these tests. Specifically, if they teach in neighborhoods where there is no tradition of academic excellence and little parental support, will

low scores cast doubt on their competence as teachers? Low scores in themselves do not necessarily mean a teacher is incompetent. A teacher who improves the skills of those at the bottom may be doing a far better job than one whose students score at the top. The tests would identify which students are not measuring up to the standards, so that corrective action could be taken. In this vein, changes from previous test scores, not the absolute scores themselves, would tend to reflect teacher or school performance.

In the absence of standards, some educators, spurred by parent and school board demand for "innovation," have made it possible for students to avoid courses that provide a solid grounding in the basic academic subjects of reading, writing, and mathematics. There has been a decline in enrollment for basic academic courses. These have been supplanted by electives or extra-curricular activities. In many schools, the total number of instructional hours per school year has declined.

Similarly, many schools have become preoccupied with instilling "relevance" in education. Substantial sums have been wasted in programs directed more toward providing amusement than developing ability to sort facts and make intelligent decisions.

These programs are couched in the jargon of systems analysis and other pseudo-science mumbo-jumbo. They place a high priority on freedom of choice in selecting courses, without ensuring that the choices are structured to meet academic needs. At this stage in their development, most children are not competent to decide what is in their own best interest or how much "creative freedom" they should be permitted.

Again, many schools foster attitudes that do not prepare students for the world's harsh realities. They promote the idea that learning must be easy and entertaining. This idea is cruel to the child and dangerous to society; children then grow up believing they need not struggle to excel.

Often students are induced into courses through gimmickry—catchy titles, or entertaining field trips. There is simply no way to combine the instant provision of happiness with the business of learning to read, write and calculate. Clear thinking is a pleasure and an ingredient of the highest happiness; but it is a difficult one to acquire and to appreciate.

In the attempt to make learning fun, and possibly to make themselves popular, many teachers and administrators have de-emphasized disciplined thought and work habits. Instead, they have stressed creativity, individuality, and "feeling"—to the detriment

of academic achievement. What this means in teaching English, for example, is a turning away from serious reading and reasoned writing.

Students, especially at the high school level, are led to believe that oral and written expression need no real effort. Feelings are placed ahead of language as the primary tool of expression. In consequence, students are cheated; they do not have to face the difficulties inherent in good writing. This approach may free teachers from tedious grading of papers, but it does not develop the ability to write well. To use a language properly one must know more than the rules. If people are to speak and write well, they must first read well; there is no short-cut.

head
+
write

Learning can be interesting, rewarding, and exciting, but it requires effort. It is work. No learning takes place, just as no ditch gets dug, without work. Mental sweat is required of the student who would acquire the skills, concepts, and information necessary to master a subject. Preaching the doctrine that learning should be easy implies that society has an obligation to make life easy, and promotes the already far too prevalent attitude against hard work. If our goal is to entertain our children, we can do so far more cheaply than by sending them to school.

There is also the matter of "equal educational opportunity," a noble concept which some educators, by carrying it to illogical extremes, have subverted. Properly, equal educational opportunity means removing the access barriers to education, especially for minorities. It means giving each student a chance to grow to the limits of his ability without regard to race or class.

Unfortunately, some educators distort this concept to mean that poor academic performance should be overlooked or rewarded, especially if the student is a member of a minority or is poor. In their worst form, such policies hold that all children are entitled to the same academic recognition, whether they have earned it or not.

This twisted philosophy is detrimental both to the slow learner and to the academically talented child. In response to parental pressure, many students who have not mastered the subject are promoted anyway, so they will not feel inferior to their fellow students, or so that parents or teacher will not be embarrassed. These promotions are seldom coupled with additional instructional support. Eventually the student gets so far over his head academically that all learning stops; he then becomes a discipline problem or a dropout.

At the same time, many special programs that challenge intellectually gifted children have been dismantled as being unfair

to other students. This neglect of student needs in the name of educational equality should be intolerable to all of you. Equal opportunity is an important goal I strongly support. However, undereducating children in the name of equal opportunity I reject.

Those like me who have challenged this philosophy are charged with fostering "elitism" or racism—as if intellectual talents are limited to upper middle class whites. Giftedness is color blind and not class conscious. In fact, it is the economically disadvantaged gifted student who is the most common victim of this philosophy.

A prominent official of Columbia University Teachers College once quoted me as saying I wanted to "educate the best and shoot the rest." I never said or implied any such thing. However, I am highly critical of the present situation in many schools where they "neglect the best and amuse the rest."

Children have unequal mental ability and learn at different speeds. Lowering standards to the level of the least capable may allow the mass to move forward together and to claim the same recognition, but it does not do justice or produce well-educated citizens.

Many educators have impressive credentials from teachers colleges, and would have us believe they alone are competent to judge our educational process. They also maintain powerful lobbying

organizations which wield considerable political power. Organizations like the NEA contribute heavily to state and national political campaigns. The NEA publishes to its members throughout the nation the names of Congressmen and Senators who voted "right" and "wrong" on educational legislation. No wonder school boards, state legislators, and members of Congress frequently defer to these so-called experts and their lobbyists.

But education is too important to be left to the educators alone. It is our most important public function. It affects all citizens and the future of the nation. In a democracy, public institutions are accountable to citizens. They are supposed to serve the public, not themselves.

The public, though not expert in the jargon of the educationists, is nevertheless competent to judge the performance of our schools. You do not have to be a hen to smell a rotten egg.

It is the right and duty of each citizen in a democracy to assure that our public education system is effective. School boards, elected or appointed, are the people's agents for seeing that schools are doing their job. The professional educators and administrators are their executors and advisors, not the final judges. But, in giving administrators and teachers almost unlimited leeway in running the schools, many school boards have abrogated responsibility for

NB
providing purpose and direction to education. School boards, not educators, have the legal and ultimate responsibility to establish educational goals and see that these goals are met. All other board activities are peripheral to this primary obligation.

Too often, school boards are diverted to housekeeping details—school buses, athletic programs, budgets, and so on. Often the accoutrements of education get more attention than the intellectual needs of our children. What the children need and deserve most is a good education, not beautiful buildings and modern facilities. A good teacher in a barn is better than many of our teacher college products in a palace. Why don't you ask the parents—the taxpayers—which they prefer?

I recognize that problems unrelated to instruction and learning such as collective bargaining, declining enrollments, financial crises, and busing are time consuming problems. But no matter how difficult or distracting these other problems may be, you must focus your attention principally on the quality of education.

✓✓ Major pt. | The highest priority of school boards should be monitoring instructional programs. You must ensure these programs are developing in each child the ability to read, to write clearly, to calculate, to think critically and logically, and to acquire knowledge of the world through history, literature, art, science. The major concern of the school must be with the intellect.

Today, basic education in our schools is competing with, and being overwhelmed by, career education, consumer education, energy education, drug education, sex education, and many others. Our education system is being asked to do too many things; as a result, it is doing none of them well. The schools should concentrate on what they can do best—and must do—developing the mind and passing knowledge on to the younger generation through systematic study under expert instruction.

Education consists of mastering the ways of abstracting experience. An educated person is one who is familiar with the fundamental ways of analyzing and reflecting upon the world. Logic and experience show that certain subjects develop this ability and others do not.

School boards must equip themselves and the public with means to measure how well educational programs are working. The preponderance of data now available on education is in material terms such as money invested, buildings and equipment purchased, desks filled, diplomas awarded. But little data are available to assess the quality of education.

The development of national scholastic standards and tests to measure competency in reading, writing, and mathematics can provide one such measure. The public recognizes the need for

competency testing. A 1976 Gallup Poll showed that two of three Americans favored a standard nation-wide examination as a prerequisite for high school graduation. Sixty percent of the respondents to a poll by your own American School Board Journal favored competency testing for high school graduation.

In response to public pressure, more than thirty states have now enacted laws or issued regulations involving competency testing. The opponents of voluntary national competency standards and tests claim this indicates that the Federal Government need not get involved in devising standards and tests.

However, behind the hoopla, what actually is being done? Some states have simply issued "motherhood" statements and directed local school boards to establish their own competency standards and tests. This is a difficult task, and the results vary with the locality. Some states and localities require competency testing only at the high school level, when it is already too late to do much with the results. Others have made their tests ridiculously easy, so that a politically acceptable percentage of those tested can pass. This is like trying to make a cold room warmer by shifting the scale on the thermometer.

Lord Kelvin said: "When you can measure what you are speaking about, you know something about it; but when you cannot

measure it, your knowledge is of a meager and unsatisfactory kind." To operate our schools without appropriate standards and tests is tantamount to getting vaccinated and not finding out if the vaccination "took."

NB { If school boards truly want to carry out their responsibility to our children, they should use competency standards and tests.
They should welcome federal development of voluntary model standards and tests to help accomplish this task.

It has been said that tests have become a device for racial discrimination. To me they have been an instrument for individual freedom. By taking tests, I was admitted to the Naval Academy, and thereafter achieved professional advancement.

Without testing, this would not have been possible. I have an unfortunate personal trait. I am inherently incapable of ingratiating myself with those on whom my progress would otherwise depend. With such a personality, I would have had a hard time, were it not for objective tests.

True!

Tests are a blessing to those who are dominated by a desire for individual freedom. They have enabled me to survive on my own terms and to be moderately indifferent to the vicissitudes I encounter. I am grateful for having been born at a time during which testing prevailed, a time in which the "whimpering of mediocrity" went unheeded.

Competency testing of students, while important, is merely an indicator of whether students are learning. It takes competent and dedicated teachers to provide quality education. Unfortunately, many teachers today do not have the basic skills the students themselves lack. Many teachers are the products of teachers colleges which emphasize the theory of education. They are then supposed to be capable of teaching any subject, regardless of their knowledge of that subject. Some states foster this concept by qualifying teachers based on the number of education courses in teaching techniques rather than on competence or skill in subject matter.

Most
do

While classroom management, discipline, and method of presentation are necessary, they are not a substitute for mastery of the subjects being taught. It is essential that teachers themselves be proficient in the reading and writing they are trying to teach our children. They should also be proficient in mathematics. Today, anyone who is mathematically illiterate is as badly off as someone who cannot read. Teachers should be required to demonstrate, through written examination, their own expertise in these basic skills before being allowed to teach.

School boards should demand close supervision of teachers by administrators and principals. The notion of academic freedom is of doubtful applicability to a grade or high school. Combined

with tenure protection, it often results in each teacher determining on his own what subject matter is taught and how it is presented. In many schools, training of teachers consists merely of granting them time off to attend conventions and symposia or requiring that they periodically take additional courses in subjects of interest to them, but often of no value to their teaching function.

For any endeavor to be successful, those responsible must involve themselves in the details of day-to-day operations. The supervision and training of subordinates is the single most important duty of the one in charge. Yet school teachers are among the most unsupervised workers in our society. Some school administrators are not themselves experienced or competent teachers and are not capable of evaluating teacher performance. Nowhere else is such a situation tolerated.

School boards can enhance the effectiveness of good teachers by freeing them of burdensome administrative and extra-curricular duties. Teachers burdened with large amounts of clerical and administrative work have a strong incentive to structure their courses so as to minimize such work. This results in simplified tests and little demand for written work. It is not surprising that true-false examinations or multiple choice tests have largely replaced written assignments so essential to the development of


writing and reasoning. Not many teachers are willing to devise comprehensive tests and assignments when they must draft, type, and reproduce them on their own time, or at the expense of time devoted to teaching. Availability of administrative and clerical support would probably enhance the quality of education and teacher morale as much as the investment of equivalent funds in teacher salaries.


The family and the school, over the past generation, have made many accommodations which undermine the foundations of authority and the maintenance of academic standards. This bodes ill for our own generation and for the future.

At the same time, there are some indications that American education may be headed for better times. The back-to-basics movement is gathering momentum. Recent programs such as Jesse Jackson's Operation PUSH are focusing much needed emphasis on parental involvement. Also, academically talented students appear to be receiving increased attention in the last few years.

While these signs are encouraging, our educational system is still a long way from meeting the needs of our society. As school board members, you are required to protect the interests of parents. You are responsible for seeing that their children are learning the skills they must have to function effectively in our

society. You must not and should not defer to self-proclaimed experts. In this regard, I have the following recommendations:

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- Ensure that the primary goal of schools is the intellectual development of the children.
 - Demand programs for diagnosing learning disabilities early in elementary school, so that these children receive the special instruction they need.
 - Set up advanced placement programs for gifted students and remedial programs for those with learning difficulties. The concept of equal educational opportunity should not be subverted to preclude these special programs. The goal should be to educate each child to his fullest potential.
 - Improve in-service training of teachers and free them insofar as possible from responsibilities extraneous to their teaching.
 - Give instructional programs precedence over athletics and other extra-curricular activities.
 - Require teachers to be knowledgeable in the subject matter they teach.
 - Require teachers to demonstrate the reading, writing, and mathematical skills necessary to evaluate student performance and serve as appropriate models for them.

- 
- Select school administrators and principals from competent and experienced teachers. Being a good athletic coach is not an adequate qualification for these positions.
 - Insist on proper supervision of teachers by principals and school administrators, and require frequent factual reports to the board on teacher performance.
 - Periodically check to see how graduates of your school have fared in college and in business. This will help you evaluate the quality of your school.
 - Establish objective measures of student achievement in elementary and secondary schools. As a first step to accomplishing this task, this convention should pass a resolution supporting the establishment of a federally sponsored panel of nationally prominent persons in representative walks of life. They would establish voluntary competency standards and tests in reading, writing, and mathematics for the elementary and secondary school grades.

The title of my speech is "Why School Boards?" If so-called educational experts are going to run our schools, there is then

no need for school boards. If school boards are going to spend their time on housekeeping functions, there is then no need for school boards. The only reason for school boards is to fulfill their responsibility to assure that our children become educated—in the true sense of the word.

Responsibility is a unique concept: it can only reside and inhere in a single individual. You may share it with others, but it is still with you. You may disclaim it, but you cannot divest yourself of it. Even if you do not recognize it or admit its presence, you cannot escape it. If responsibility is rightfully ours, no evasion, or ignorance, or passing the blame can shift the burden to someone else.

THE WHITE HOUSE

WASHINGTON

May 18, 1978

C
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MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

SUBJECT:

Admiral Rickover's Speech Before the
National School Board Association

Admiral Rickover has asked that I send you a copy of his speech (attached) before the Annual Meeting of NSBA, April 3, 1978.

Major Points in Admiral Rickover's Speech:

1. Competency standards and tests in reading, writing, and math are needed at the elementary and secondary grades.
2. The Federal government should develop voluntary standards concerning what students should know and be able to do in language arts and math.
3. We need advanced educational programs for gifted and talented children as well as the disadvantaged.
4. All levels of government should improve in-service teacher training and provide sufficient support for teaching staff so they can spend more time teaching basic skills.
5. Instructional programs in language arts and math should take precedence over athletics, electives and other extra-curricular activities.

Legislative Status of Rickover's Proposals

Senator Hayakawa has recently stopped working on a bill to create a non-profit corporation to develop standards in reading, writing and mathematics (after co-sponsors were not available). A similar proposal is going nowhere in the House, for lack of sufficient co-sponsors.

11:00 AM

THE WHITE HOUSE

WASHINGTON

Meeting with Second Grade Class
Abraham Lincoln School
Bangor, Maine

Saturday, May 20, 1978
11:00 a.m.
(15 minutes)
Rose Garden

by: Fran Voorde

I. PURPOSE: To take pictures with the President and Amy
and to visit informally.

II. BACKGROUND, PARTICIPANTS, PRESS:

A. Background:

When you traveled to Maine last February and held a town hall meeting in Bangor, you invited this second grade class to visit you and Amy in the White House during the course of the Q&A. They have been working hard all year to raise enough money to sponsor the trip. They will be in Washington for three days.

B. Participants: See attached list

C. Press: Open coverage

III. FORMAT:

The group will be given a private tour of the East Wing at 10:20 a.m. Following that they will be shown to the Rose Garden, where they will visit informally with the President and Amy. The class plans to present two books to Amy, and has a book for both the President and Mrs. Carter.

Note: There is a good chance the children will ask to see Amy's tree house.

Chaperones for Abraham Lincoln School Washington, D. C. Trip

Donna J. Chaput

Robert D. Chaput

Douglas R. Corvey

Sharon M. Corvey

Edith B. Gibbons

John W. Kunz

Benjamin B. Twitchell III

Ruth Ann Winchester

A. Lincoln Second Graders

Alho, Kristin L.
Arnold, Janice A.
Bartlett, Robert A.
Crichton, Margaret M.
Damon, Ross K.
Davis, Danielle L.
Dearing, Timothy M.
Doughty, Brian E.
Dow, Wendy A.
Duren, Kevin M.
George, Cynthia M.
Granholm, Jeffrey T.
Harnish, Craig J.
Johnston, Anne J.
Kominsky, Andrew L.
Kunz, Christine M.
Mullen, Kevin M.
Patterson, LeRoy F. Jr.
Perkins, Sandra A.
Pierce, Donna C.
Rackliff, Jared L.
Rogers, Harold J.
Schonberger, Benjamin P.
Scovil, Douglas G.
Smith, Dane
Stewart, Jonathan M.
Stilphen, Melissa D.
Twitchell, Scott K.
Winchester Leslie A.

TALKING POINTS

THE WHITE HOUSE

WASHINGTON

May 18, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLOWS, ⁵⁻ JERRY DOOLITTLE *JED*
SUBJECT: Talking Points for Maine Schoolchildren

1. One of your questions that Mrs. Corvey passed on to me at the Bangor town meeting was what was the most enjoyable part of my job? I think this is -- having the chance to meet with young people from different parts of our country.
2. Teaching is one of the very finest things you can do with your life. My own teacher, Miss Julia Coleman, led me to books. And you could say that reading led me to the Presidency.
3. Here in the White House, USSR means the Union of Soviet Socialist Republics, which is Russia. But in your school it means Uninterrupted Sustained Silent Reading, doesn't it? I understand you've voted to extend your USSR time little by little through the year, and that now you're up to 36 minutes a day. I hope you'll do much more than that, even, on your own. We read constantly in my family. Sometimes at the table, although a lot of mothers and fathers don't like that.

4. I'd bet that kids like Scott Twitchell, Jonathan Stewart, Janice Arnold, and Leslie Winchester read a lot, didn't they? Kids who do well in school, are almost always great readers.

5. My wife and Amy and I will enjoy reading the books about Maine that you've brought us. I used to do some of my own cooking before I became President, and after I'm through I'll have time to again. Maybe I can try some of the recipes in the cookbook you gave Mrs. Carter.

6. (General notes:) The two teachers, Mrs. Donna Chaput and Mrs. Sharon Corvey, have taught about 25 years between them. Both are from Bangor; and Mrs. Corvey attended Abraham Lincoln School herself. The name of the principal (not present) is Arthur Nasberg. The kids are spending Friday, Saturday and Sunday here, financed by \$7,000 the PTA raised.

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THE WHITE HOUSE

WASHINGTON

May 20, 1978

C

MEMORANDUM FOR THE PRESIDENT

FROM: ANNE WEXLER *AW*

SUBJECT: Urban Policy

On Jim McIntyre's memorandum about the increased LEAA appropriation for the urban policy, you commented that the urban policy is very fragmented. I agree with you completely. When I came to the White House three weeks ago, two things which I perceived while at Commerce were confirmed:

- . Although the policy had been announced with much fanfare on March 27th, there was no public perception of follow through.
- . The Administration's urban policy was not understood by the public and, most important, the urban constituencies. The public did not perceive that other Administration urban initiatives were a part of your urban policy announced on March 27th, a relationship which you stressed in your remarks.

To deal with this, working with Stu, Jack, Frank and Jody, we initiated consultation sessions with public interest groups on each piece of legislation during the clearance process; we accelerated the clearance of legislation; we organized a weekly urban policy coordination meeting for the Federal agencies; and we initiated weekly meetings with the leaders of selected public interests groups, the AFL-CIO, AFSCME and certain civil rights groups. Working with Hugh Carter and Richard Harden, we are putting the entire urban package on a computerized tracking and management system. Jack Watson has taken the lead in coordinating existing programs through the Interagency Council.

Finally, we have begun orchestrating press events to show follow through and action on the urban policy. Two of these events next week will be most important. On Tuesday, Mrs. Carter will join Pat Harris, Sam Brown, Livingston Biddle and me in a briefing for neighborhood leaders and interested press on our urban policies as a whole, new neighborhood programs (many of which are in addition to those in the March 27 announcement) and the forwarding to

Congress of two new neighborhood programs -- liveable cities and neighborhood self help and development. We are working with Stu, Jody and Jim Fallows to include in your speech to the joint session of the Illinois legislature material on the important role of States in dealing with urban problems, brief reference to the total Administration urban program, and the announcement that the State incentives grant program is being sent that day to Congress.

These actions do not constitute an overall strategy. Stu, Jack, Frank and I are preparing a memorandum on this which will be to you shortly. The most important next step is to develop a private sector/public sector coalition -- the new partnership.

I want you to know we are dealing with the fragmentation problem.

THE WHITE HOUSE
WASHINGTON
May 20, 1978

Stu Eizenstat
Frank Moore
Jim McIntyre

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: The Vice President

FIRST BUDGET RESOLUTION FOR 1979

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	X	VICE PRESIDENT
X		EIZENSTAT
		JORDAN
		KRAFT
		LIPSHUTZ
X		MOORE
		POWELL
		WATSON
		WEXLER
		BRZEZINSKI
X		MCINTYRE
		SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAY 19 1978

cc Jim, Stu,
Frank
We must firmly
resist the large
significant increases.
I'll help
J

INFORMATION

MEMORANDUM FOR: THE PRESIDENT
FROM: James T. McIntyre, Director *Jim*
SUBJECT: First Budget Resolution for 1979

The Congress has adopted the following totals for the first budget resolution for 1979 (in billions of dollars):

	Administration		First
	January Budget	Current (Unpublished)	Resolution
Receipts.....	439.6	444	447.9
Outlays.....	<u>500.2</u>	<u>500</u>	<u>498.8</u>
Deficit.....	-60.6	-56	-50.9
Budget authority.....	568.2	569	568.85

The final vote in the House was even closer than usual: 201 to 198.

The first resolution is not binding, and there will undoubtedly be many changes in the second resolution. The resolution does not represent a "line item" budget, and in some cases the conferees were deliberately vague about anticipated policy changes. Nevertheless, the explicit and implicit assumptions underlying the resolution provide significant guidelines for subsequent congressional action.

Unfortunately, estimating and technical differences obscure the true programmatic differences between the resolution and

the budget totals. In fact, the differences in the budget aggregates are misleading. This is why:

Receipts.--The receipt totals in the resolution are above the latest (unpublished) Treasury estimates largely because the resolution assumes substantially higher receipts under current law. The resolution does incorporate the scaled-down tax cuts you proposed last week. Therefore, the difference does not reflect policy but, rather, economic assumptions and technical differences.

Outlays.--While the resolution total is slightly below the Administration, the resolution implies a spending increase of about \$6 billion in 1979. These increases are offset by rejection of the energy rebate and estimating differences. The estimating differences assume continued shortfall in defense and domestic spending.

Budget authority.--While the resolution total is virtually identical to the Administration total, there are large differences in the pieces. Basically, the resolution assumes cuts in several items that have virtually no impact on 1979 outlays and only limited impact in future years.

While we have not been able to determine the precise long-range impact of the programmatic increases assumed in the budget resolution, it is substantial. Both Budget Committees issued long-range projections in connection with their Committee reports. For 1980, the Committees projected outlays of between \$543 and \$546 billion. This is substantially below our current base estimates for 1980 without the programmatic additions implicit in the resolution. This reflects the fact that their estimates of certain uncontrollable programs -- notably interest -- were substantially below our estimates, and the fact that they do not include an allowance for contingencies. Thus, when the Senate reissues its long-range estimates, they may be at or below the Administration, even though implicit program levels are higher. However, in its Committee report, the Senate Budget Committee added \$6 billion to the 1980 deficit for fiscal policy reasons, but did not allocate it to tax cuts or spending increases. They will follow a similar practice when they reissue their long-range estimates.

A brief analysis of the budget authority and outlay changes assumed in the resolution is attached.

Attachment

cc: Vice President Mondale

THE BUDGET AUTHORITY AND OUTLAY IMPLICATIONS
OF THE FIRST BUDGET RESOLUTION FOR 1979

Although the budget authority and outlay totals in the resolution are slightly below the Administration totals, the resolution actually assumes increases in many areas. The major increases to the budget are in the following areas:

- Transportation, natural resources, and public works.--The increases for these programs total about \$3-1/2 billion in budget authority and \$1-1/2 billion in outlays. The resolution assumes new budget authority of \$1 billion for "hard" public works, which has not been requested by the Administration. (The resolution also assumes the \$1 billion for "soft" public works included in the urban initiative.)
- Energy.--The resolution allows for energy conservation loans, higher R&D, and other congressional initiatives totaling almost \$1-1/2 billion in budget authority and \$1/2 billion in outlays.
- Agriculture.--While the conferees decreased the very high outlay levels in the House resolution, they allowed \$1-1/2 billion for pending and future initiatives.
- Veterans, income security, and health.--Spending increases in these areas total \$2-1/2 billion, of which half is for veterans. The resolution assumes little or no savings from social security reforms, and provides \$0.4 billion for either fiscal relief or expansion of the earned income credit. The resolution does assume some type of health services cost containment, but provides a slight increase for discretionary health programs.
- Defense.--The budget authority total for defense is only \$0.3 billion above the January budget level. However, on the floor of the Senate, Senator Muskie indicated that the resolution assumes programmatic increases of \$2.0 billion, after adjustment for

delay of the Trident, the pay cap, and pay absorption.

In the case of outlays, these increases are largely offset by estimating differences (shortfall) and rejection of the energy rebates. The assumed rejection of the rebates (which has little no impact on the deficit) reduces both outlays and budget authority by almost \$2 billion relative to the January budget.

The resolution also assumes some large "cuts" in budget authority. For example, the resolution rejects the municipal bond option (\$5 billion), and forward funding for certain education and health programs (\$2-1/2 billion). The resolution also reduces BA for the urban initiative -- largely the development bank -- by almost \$2-1/2 billion and assumes a \$0.7 billion cut in foreign aid.

Most of these "cuts" will not significantly reduce the deficit in future years. Since the conferees did not want to take on the battle of tuition tax credits vs. education grants, they assumed tax credits of \$0.3 billion (roughly half the amount in both House and Senate resolutions), and budget authority of \$0.7 billion for middle income assistance (half the amount in the House resolution and Administration proposal).

THE WHITE HOUSE
WASHINGTON

May 20, 1978

Secretary Blumenthal

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson
Secretary Schlesinger
cc: Stu Eizenstat

THE WHITE HOUSE
WASHINGTON

Mr. President:

Bob Lipshutz concurs;
Jody has no comment.

Rick (wds)



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

May 18, 1978

MEMORANDUM FOR THE PRESIDENT

Subject: Public Announcement of Oil Import Investigation
and Invitation for Comments From Interested Parties

As you know, the Treasury Department has been conducting an investigation since March 15, 1978, of whether imports of oil and oil products threaten to impair the national security. In keeping with the requirements of Section 232(b) of the Trade Expansion Act of 1962, we have obtained information from several government agencies. We have asked these agencies that the existence of this investigation be kept in confidence.

After your April 11 speech, we received a letter from the Sun Company, representing numerous interested parties, requesting that I undertake a Section 232(b) investigation of oil imports. Several Congressmen have written letters requesting a public hearing in connection with such an investigation. Finally, several government agencies, including Treasury, have received a Freedom of Information Act request for documents relating to such an investigation.

There appears to be no legal basis for successfully withholding information indicating that a Section 232(b) investigation is under way. We must reply to the FOIA request on Monday, May 22. Since Section 232(b) requires that Treasury, if appropriate, afford interested persons an opportunity to present information, it may be appropriate now to solicit written comments from the public. Such comments may produce useful additional information and will enable us to assess the value and structure of a public hearing, should we decide to hold one.

Unless you disagree, on Monday, May 22, I anticipate transmitting to the Federal Register:

- (a) an announcement of the Section 232(b) investigation, and
- (b) an invitation for written comments.

Although announcement of the investigation and invitation to submit comments will focus public attention on available administrative remedies, you are not bound, as a matter of

*a) Wait
Mike - Tuesday=
until after text=
b) Let me see
c) emphasize tentative
nature of investigation
JC
cc Jim S.
Stu*

law, to any particular course of action. In any event, we are not compelled to make a finding and submit a recommendation until March 14, 1979. Soliciting public comments now, however, will provide us with flexibility to take administrative action before the July Summit, should you decide to do so.



W. Michael Blumenthal

THE WHITE HOUSE

WASHINGTON

May 19, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
KITTY SCHIRMER

SUBJECT: Blumenthal Memorandum on Oil Import Investigation

Mike Blumenthal is preparing to release to the Federal Register an official announcement of an ongoing investigation under section 232(b) of the Trade Expansion Act of 1962 relating to the national security impacts of crude oil and oil product imports. Section 232(b) contains your authority to impose import fees on oil.

Any Administration activity with respect to the possibility of an oil import fee or quota is bound to set off a chain of speculation as to our intentions and may engender renewed efforts by the Congress to revoke our import fee authority.

Blumenthal's request is triggered by a Freedom of Information Act request which Treasury would like to respond to by Monday. If we publicly acknowledge that an investigation is underway, then the information being requested under the Freedom of Information Act can legally be withheld. It is possible, however, that other grounds may be available to prevent release of this information within the boundaries of the law. We recommend that you ask Secretary Blumenthal to explore these avenues.

Even if we decide to go ahead with a public notice of the 232(b) investigation, we strongly recommend that issuance of the notice be delayed until the following steps have been taken:

- Careful notification of members of the Energy Conference and other key members of Congress. (Note: This could have an impact on the natural gas vote on Tuesday.)
- Preparation of a press release explaining that this action is being taken only as a contingency and that no decision on your part or Blumenthal's part has been made with respect to fees or quotas. Any notice should

also be accompanied by a strong restatement of our belief that Congressional action on the National Energy Plan is the soundest way to avoid any national security impacts or threats which may be posed by our current levels of oil imports.

- Careful coordination with the Department of Energy as to consultation and comments to the press.

Treasury's lawyers have informed us that several days' delay beyond Monday can be managed within the boundaries of the law.

Finally, we will be meeting tomorrow morning with Secretaries Schlesinger and Blumenthal and Charlie Schultze to discuss the COET. I will bring the question of the public notice up at that meeting, and may want to provide additional comments or recommendations at that time.

ID 782640

THE WHITE HOUSE

WASHINGTON

DATE: 18 MAY 78

FOR ACTION: BOB LIPSHUTZ *concur*

JODY POWELL *nc*

TO PRES TODAY

INFO ONLY: THE VICE PRESIDENT

HAMILTON JORDAN

JACK WATSON

STU EIZENSTAT - *Kitty may comment don't*
FRANK MOORE
ANNE WEXLER

JIM MCINTYRE

SUBJECT: *Blumenfeld*
~~MEMO~~ MEMO RE PUBLIC ANNOUNCEMENT OF OIL IMPORT
INVESTIGATION AND INVITATION FOR COMMENTS FROM
INTERESTED PARTIES

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: +
+++++

ACTION REQUESTED: IMMEDIATE TURNAROUND REQUESTED

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON

SE has draft response
ready, if it needs to
go to President.

It still may not have to.

SE will call us early
PM w/ response.

✓ See

Not to go
to Pres; OK
w/ Treas, STZ, DOE
SE - per [unclear]



Department of Energy
Washington, D.C. 20585

May 23, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM SCHLESINGER

SUBJECT:

Federal Register Statement on
Section 232(b), Investigation
of Oil Imports

Mike Blumenthal has recommended immediate publication in the Federal Register of one of two proposed formal notices regarding the Treasury Department's investigation of oil imports, which under the relevant statute is the prelude to imposition of quotas or fees to constrain oil imports. He recommends that you approve the one which explicitly requests responses from the public on the specific issues upon which the Secretary of the Treasury would make findings if section 232 authority were to be invoked by the President.

We are concluding a compromise on natural gas legislation, and are moving to facilitate prompt consideration of COET by the conferees. We have no reason to believe the conferees will not act responsibly. If these notices are published, especially given the fact that they have been reviewed by the White House, I am fearful that the Administration will suggest that it is committed to a course of action to which it is not yet committed and which, if taken, likely would involve a confrontation with the Congress.

If a response to the Freedom of Information Act request is to be made, I would recommend against publication of either notice. Treasury might respond to the current Freedom of Information Act request by acknowledging publicly its preparatory work through a less formal device, along with a press release which does not expressly link this investigation with legislative action.

If a Federal Register notice is desired, however, I would strongly recommend against publication of a notice with a request for public comment. Such a request would give the appearance of another major step on the road toward imposition of fees or quotas, and is not necessary either in response to the Freedom of Information Act or, indeed, for ultimate imposition of fees or quotas.

to: Rick Hutcheson

Department
of the Treasury

room: _____ date: 5/23/78

Office of the
Secretary

The attached has been rewritten to better address the President's concerns. Please submit ASAP as it is in the opinion of our Legal Counsel that the FOIA deadline cannot be extended beyond Thursday morning.

cc: Schirmer, Colloff (DOE)



Richard W. Fisher
Executive Assistant
to the Secretary

room 3327
phone 566-2335



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

ACTION

May 23, 1978

MEMORANDUM FOR THE PRESIDENT

Subject: Text of Federal Register Statement on Section 232(b)
Investigation on Oil Imports

You asked to see the text of the statement I am planning to submit to the Federal Register. Attached at Tab A and B are alternative announcements. The announcement at Tab A merely notifies the public of the existence of the Section 232(b) investigation, whereas the announcement at Tab B invites written comments from the public.

I recommend that you opt for soliciting written comments from the public. Such comments may produce useful additional information and will enable us to assess the value and structure of any public hearings we might later decide to hold.

We have managed to have the deadline for replying to the FOIA request on this subject extended to 0900 Thursday.

Mike

W. Michael Blumenthal

Attachments

Submit statement at Tab A

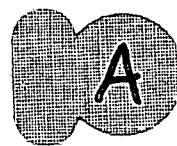
Approve: _____

Disapprove: _____

Submit statement at Tab B

Approve: _____

Disapprove: _____



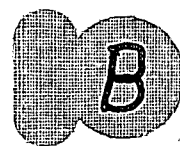
Office of the Secretary

Investigation of the Effect of Oil Imports
on the National Security of the United States

The Treasury Department began on March 15, 1978, an investigation to determine the effects on the national security of imports of crude oil, crude oil derivatives and products, and related similar products derived from natural gas and coal tar into the United States. This investigation is being carried out pursuant to Section 232(b) of the Trade Expansion Act of 1962. Section 232(b) requires the Secretary of the Treasury to advise the President if the Secretary, after an appropriate investigation, finds that an article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security. If the President agrees that imports of the article threaten to impair the national security, he may take such action, and for such time as he deems necessary, to adjust the imports of such article and its derivatives so that such imports will not threaten to impair the national security.

This investigation is being carried out only as a contingency step in order to determine whether there would be a basis for the President to act under Section 232(b) in the unlikely event the Congress fails to enact appropriate energy legislation. The Treasury Department wishes to study the oil import issue deliberately and in depth.

W. Michael Blumenthal
Secretary of the Treasury



Office of the Secretary

Investigation of the Effect of Oil Imports
on the National Security of the United States

Invitation for Written Comments

The Treasury Department began on March 15, 1978, an investigation to determine the effects on the national security of imports of crude oil, crude oil derivatives and products, and related similar products derived from natural gas and coal tar into the United States. This investigation is being carried out pursuant to Section 232(b) of the Trade Expansion Act of 1962. Section 232(b) requires the Secretary of the Treasury to advise the President if the Secretary, after an appropriate investigation, finds that an article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security. If the President agrees that imports of the article threaten to impair the national security, he may take such action, and for such time as he deems necessary, to adjust the imports of such article and its derivatives so that such imports will not threaten to impair the national security.

This investigation is being carried out only as a contingency step in order to determine whether there would be a basis for the President to act under Section 232(b) in the unlikely event the Congress fails to enact appropriate energy legislation. The Treasury Department wishes to study the oil import issue deliberately and in depth.

The Treasury Department has sought information and advice as to the impact of these imports on our national security in terms of the national defense, economic welfare and foreign policy of the United States from the following Departments and agencies: Defense, Commerce, State, Energy, Interior, Labor, Transportation, the Council of Economic Advisors, the Central Intelligence Agency, and the Federal Reserve Board. The Department believes it is appropriate now to afford interested parties an opportunity to present written comments on the same issue. It would be particularly helpful if comments would address the specific issues described in the Annex to this Invitation.

In addition, the Secretary will be considering his recommendation to the President. The Department would also welcome written comments on the nature of such a recommendation.

Ten copies of written comments should be submitted by June 12, 1978 to:

Assistant Secretary for Economic Policy
U.S. Treasury Department
Washington, D.C. 20220

Ref. Section 232 Investigation

Written comments should be accompanied by a summary which does not exceed two pages in length.

All written comments filed under this notice (other than "business confidential" submissions described below) will be available for public inspection and copying at 10 cents per page in the library of the Main Treasury Building, Room 5010, 15th and Pennsylvania Avenue, Washington, D.C. Thus, a person

submitting written comments generally should not include material considered to be confidential or inappropriate for disclosure to the public. If necessary, confidential information, marked clearly "business confidential" on each page, may be submitted separately. The Treasury Department will afford such information confidentiality within the limits of the law.

Persons desiring further information may contact Dell V. Perry at (202) 376-0299 or at Office of Special Studies, U.S. Treasury Department, Washington, D.C. 20220.

W. Michael Blumenthal
Secretary of the Treasury

ANNEX

Issues Concerning Investigation of the Effect of Oil* Imports on the National Security of the United States

I. Effect of Oil Imports on the National Security

A. General aspects

- 1. Assessment of oil supply and demand balance through 1985**
- 2. Effect of oil imports at present levels and under current circumstances on the development of alternative energy sources (including conservation)**

B. Supply interruptions

- 1. Relationship between the source of oil imports and the national security**
- 2. Adequacy of existing emergency preparedness measures to deal with interruptions in oil imports**
- 3. Volume and duration of interruption in oil imports which would threaten to impair the national security**

C. Economic and monetary aspects

- 1. General economic impact of U.S. oil imports upon the economy, financial markets and international trade**
- 2. Relationship of the areas mentioned in item C 1 above to the national security**

D. Regional and sectoral aspects

- 1. National security implications of the dependence of various regions on oil imports**
- 2. National security implications of the effect of oil imports on the various sectors of the oil industry (for example, production, refining, transportation and marketing)**

*** The term "oil" is used in this Annex as shorthand for crude oil, crude oil derivatives and products, and related similar products derived from natural gas and coal tar.**

3. National security implications of the effect of oil imports on industries using oil (for example, the petrochemical industry and agriculture)

II. Remedies

- A. General Considerations: Amount by which imports of oil would or should be reduced and action necessary to accomplish that reduction

- B. Remedies permissible under Section 232(b) of the Trade Expansion Act

1. Should a quota, fee, or tariff be applied to all imported crude oil, crude oil derivatives, and products and related similar products derived from natural gas and coal tar or only some of these?

2. Effect of these remedies on:

- a. Oil prices and prices of competing forms of energy
- b. The U.S. economy, including trade, employment and inflation
- c. Availability of oil products in the United States (national and regional)
- d. Specific sectors, particularly petrochemical, agriculture, automobile manufacturing, recreation and transportation
- e. The operation of existing statutes such as the Emergency Petroleum Allocation Act, the Energy Policy and Conservation Act and the Energy Conservation and Production Act

3. Administration of these remedies

- a. Managing any resulting shortage in the event of a quota is used (for example, by allocation or rationing) and determining which sectors of the economy are to bear the shortage

- b. Advantages and disadvantages of a government-sponsored quota auction system
- c. Estimated time for oil industry and others to adjust to decreased imports
- d. Duration of measures necessary to remedy the existing situation

C. Alternatives to remedies permissible under Section 232(b)

- 1. Reductions in oil use through conservation, substitution of other fuels, increased domestic energy production, and changes in the relationship between gross national product and energy use
- 2. Extraordinary measures to increase exports and reduce inflation, thereby increasing confidence in the U.S. economy and the dollar
- 3. A comparison of the effectiveness of these alternative remedies with the effectiveness of those remedies permissible under Section 232(b)

WASHINGTON

DATE: 22 MAY 78

FOR ACTION: STU EIZENSTAT

FRANK MOORE (LES FRANCIS)

JACK WATSON

INFO ONLY: THE VICE PRESIDENT

*Hand - Treasury sending
over new version for
Dick Fisher
Turn AM*

SUBJECT: BLUMENTHAL MEMO RE TEXT OF FEDERAL REGISTER STATEMENT
ON SECTION 232(B) INVESTIGATION ON OIL IMPORTS

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: +

+++++

ACTION REQUESTED: IMMEDIATE TURNAROUND

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

<input checked="" type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input checked="" type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input checked="" type="checkbox"/>	IMMEDIATE TURNAROUND
<input type="checkbox"/>	NO DEADLINE
<input type="checkbox"/>	LAST DAY FOR ACTION -

<input type="checkbox"/>	ADMIN CONFID
<input type="checkbox"/>	CONFIDENTIAL
<input type="checkbox"/>	SECRET
<input type="checkbox"/>	EYES ONLY

ACTION
FYI

<input type="checkbox"/>	<input checked="" type="checkbox"/>	VICE PRESIDENT
<input checked="" type="checkbox"/>	<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	<input type="checkbox"/>	JORDAN
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<input checked="" type="checkbox"/>	<input type="checkbox"/>	WATSON
<input type="checkbox"/>	<input type="checkbox"/>	WEXLER
<input type="checkbox"/>	<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	<input type="checkbox"/>	MCINTYRE
<input type="checkbox"/>	<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ADAMS
<input type="checkbox"/>	ANDRUS
<input type="checkbox"/>	BELL
<input type="checkbox"/>	BERGLAND
<input type="checkbox"/>	BLUMENTHAL
<input type="checkbox"/>	BROWN
<input type="checkbox"/>	CALIFANO
<input type="checkbox"/>	HARRIS
<input type="checkbox"/>	KREPS
<input type="checkbox"/>	MARSHALL
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VANCE

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<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	CRUIKSHANK
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
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<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
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<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN
<input type="checkbox"/>	WISE
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SE copy
P/s up
the

ASAP
Thanks



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

May 22, 1978

MEMORANDUM FOR THE PRESIDENT

Subject: Text of Federal Register Statement on Section 232(b)
Investigation on Oil Imports

You asked to see the text of the statement I am planning to submit tomorrow to the Federal Register. Attached at Tab A and B are alternative announcements. The announcement at Tab A merely notifies the public of the existence of the Section 232(b) investigation, whereas the announcement at Tab B invites written comments from the public.

I recommend that you opt for soliciting written comments from the public. Such comments may produce useful additional information and will enable us to assess the value and structure of any public hearings we might later decide to hold.

The deadline for replying to the FOIA request on this subject expires today.

Mike

W. Michael Blumenthal

Attachments

Submit statement at Tab A

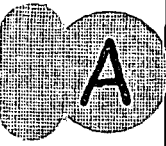
Approve: _____

Disapprove: _____

Submit statement at Tab B

Approve: _____

Disapprove: _____

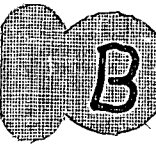


Office of the Secretary

**Investigation of the Effect of Oil Imports
on the National Security of the United States**

The Treasury Department is carrying out an investigation to determine the effects on the national security of imports of crude oil, crude oil derivatives and products, and related similar products derived from natural gas and coal tar into the United States. This investigation is being carried out pursuant to Section 232(b) of the Trade Expansion Act of 1962. Section 232(b) requires the Secretary of the Treasury to advise the President if the Secretary, after an appropriate investigation, finds that an article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security. If the President agrees that imports of the article threaten to impair the national security, he may take such action, and for such time as he deems necessary, to adjust the imports of such article and its derivatives so that such imports will not threaten to impair the national security.

W. Michael Blumenthal
Secretary of the Treasury



Office of the Secretary

**Investigation of the Effect of Oil Imports
on the National Security of the United States**

Invitation for Written Comments

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The Treasury Department has sought information and advice as to the impact of these imports on our national security in terms of the national defense, economic welfare and foreign policy of the United States from the following Departments and agencies: Defense, Commerce, State, Energy, Interior,

Labor, Transportation, the Council of Economic Advisors, the Central Intelligence Agency, and the Federal Reserve Board. The Department believes it is appropriate now to afford interested parties an opportunity to present written comments on the same issue. It would be particularly helpful if comments would address the specific issues described in the Annex to this Invitation.

In addition, the Secretary will be considering his recommendation to the President. The Department would also welcome written comments on the nature of such a recommendation.

Ten copies of written comments should be submitted by June 12, 1978 to:

Assistant Secretary for Economic Policy
U.S. Treasury Department
Washington, D.C. 20220

Ref. Section 232 Investigation

Written comments should be accompanied by a summary which does not exceed two pages in length.

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W. Michael Blumenthal
Secretary of the Treasury

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